Northwest Hills Credit Union

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March 9, 2010

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Ms. Rupp,

Thank you for the opportunity to provide comment on the NCUA's proposed Regulation Part 704 concerning the role of the Corporate Credit Union's. We can appreciate NCUA's need to take action to address areas within Part 704 dealing with corporate capital levels and investment authorities, however we feel that there are sections of the proposed rule that are too restrictive, and will inhibit the ability of corporate credit unions to perform the functions which benefit natural person credit unions.

We are members of Constitution Corporate Federal Credit Union and have consistently received exceptional service and support from our corporate which has enhanced our ability to serve our members. We are very concerned that the proposed Regulation may eliminate many corporate credit unions, including Constitution Corporate, and which will likely increase costs by forcing us to look for other providers to assist in day to day operations.

The proposed regulation requires corporate credit unions to raise new capital and attain the new capital ratios after the first twelve months; they must also meet leverage ratio requirements during the same period. This short time span will in all likelihood place many corporate credit unions in PCA, in fact the Agency itself states that 16 of the 28 corporate credit unions would be considered critically undercapitalized. We would like to recommend that the time frame for meeting required risk-based capital ratios be expanded to three years and that this time frame include all requirements for minimum leverage ratios.

It is our understanding that GAAP does not require the extinguishment of capital based on estimated losses. We are very concerned about the requirement to permanently deplete capital and believe that corporate credit unions should be permitted to restore capital to members if actual losses prove less than projected. We believe there should be some mechanism to replenish the capital of credit unions or to use the stabilization fund to absorb future impairment of legacy assets and to shield new capital values.

We support the provisions mandating that a majority of corporate directors must serve as representatives of natural person credit unions and the requirements for certain minimum credentials for Board members. However we believe that while "new blood" can be healthy for a credit union board of directors, to prohibit service following what in most corporate credit unions would be two terms for a director, will force the removal of dedicated directors which credit unions and corporate credit unions already have some challenges retaining.

Most natural person credit unions are limited in our ability to negotiate competitive pricing and contract conditions. Corporate credit unions however can negotiate on behalf of all credit unions which allow us to offer competitive services to our members. To not have corporate credit unions would affect all credit unions, however it would be the most burdensome to smaller credit unions, and ultimately their members. As a movement, we have successfully worked cooperatively for the benefit of the whole. Please provide a regulation that will continue to allow and support the success of a strong credit union movement.

Sincerely,

Paul Rougeot

Paul Rougeot
President/CEO